

# Money Makes the World Go Around

By Bradford Smith

*The Rye Sound Shore Review - February 27, 2004*



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Managing a city even the size of Rye - which although not the smallest in the state is in that range - nevertheless poses a plateful of complex financial issues for city leaders. Unlike the corporate scene, where profits, markets and competition set standards, governments are subject to a different environment, marked by layer after layer of laws, rules and regulations imposed by interconnecting levels of government.

These regulations, surfacing in thick bundles of small type anticipate rigid conformity from local authorities - the city manager, city council and comptroller. As an aid in their work, Rye leaders turn to a blue-ribbon panel of financial experts for advice on dealing with the financial impact of government moves. Drawn from the private sector, appointed by city council and organized as the Finance Committee, this seven-member group backstops local government in ways that bring business and banking skills into advisory roles.

For example, when Rye firefighters once determined fire stations needed upgrading, city leaders had to decide what was both reasonable and essential in new construction, building renovation and what equipment would deliver the necessary water and velocity to handle emergencies. The next stage was all financial. And the committee in its advisory role sketched out the costs, how they were to be met, and the impact this could have on citizen tax levies. Customarily, such questions raise issues about diluting city credit ratings, jacking up the tax rate or postponing other renovations that have a legitimate call on town resources.

And that has been the task of the Finance Committee, a group that until recently met only on the eve of budget time but now assembles in a City Hall conference room the first Monday of every month. Chairman Jonathan Peters points out that the committee's focus backstops city officials who make immediate decisions with long-term consequences.

These bankers, investors, executives - all volunteers - must gauge how the city can digest new capital expenditures without jostling conflicting elements, like debt reserves, tax base, and its credit rating. With annual budgets in the range of \$30 million, this becomes a challenging responsibility. Most of all, these corporate types concern themselves with the long-range implications of progress. They worry more about rocking the financial boat, than the size or shape of a new structure.

What adds to the complexity of their analysis are the rules that come in waves as laws, regulations, standards or political commitments. Far different from the restraints embedded in corporate law, this whole battery is part of the expertise brought to bear by the City Comptroller Mike Genito who acts as adviser and mentor to committee members.

What benefits accrue to Rye? First, a sense of urgency for city officials to encourage city planners to plan and forecast a year or more ahead, so as Committee Vice-Chairman Salvatore Samperi notes "our efforts help the city attain a fuller understanding of what's ahead." With that in hand, officials are better prepared to deal with the future, while sharing with taxpayers a more accurate picture of future tax levies. Their analysis has led to tighter controls over memberships in the city's golf club and boat basin, which had been attracting too many non-residents to the disadvantage of Rye residents.

Participants at these committee sessions recall an atmosphere of collegiality, a calm dialogue of people who recognize that much is at stake.

- *Bradford Smith*